European Committee of the Regions

ENVE-VI/020

124th plenary session, 12-13 July 2017

OPINION

Renewable energy and the internal market in electricity

THE EUROPEAN COMMITTEE OF THE REGIONS:

- Agrees that Member States shall collectively ensure that the share of energy from renewable sources in the Union's gross final consumption of energy in 2030 is at least 27%; however, considers that Member States may, after evaluating local requirements and circumstances, set their own binding targets providing for a higher share;
- Believes that Member States should intensify their efforts to eliminate administrative obstacles, bring down the cost of less mature low-carbon technologies, and focus more on effectively coordinating planning, implementation and reporting at national, regional and local level;
- Regrets the fact that the Commission's proposals only vaguely sketch out the role of local and regional authorities and underlines their contribution to achieving climate protection goals;
- Notes that having clear and accurate information about the possibility of using EU financial instruments after 2020 is important when it comes to achieving ambitious objectives; also emphasises that advanced financing techniques must be used in order to ensure that the principal investments come from the private sector;
- Considers that renewable energy production plants located in third countries that are included in joint projects regarding the production of electricity from renewable energy sources must comply during their life cycle with environmental, social, labour, and safety standards applied in the EU and in the Member State that intends to use this energy production in its own national accounts;
- Notes that some national parliaments have expressed concerns regarding the European Commission's proposals in terms of their adherence to the principle of subsidiarity and believes that a more thorough examination may be needed of whether the principles of subsidiarity and proportionality have been upheld.

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Reference documents

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast)
COM(2016) 767 final
Proposal for a Regulation on the internal market for electricity (recast)
COM(2016) 861 final
Proposal for a Directive on common rules for the internal market in electricity (recast)
COM(2016) 864 final
Proposal for a Regulation establishing a European Union Agency for the Cooperation of Energy Regulators (recast)
COM(2016) 863 final
Proposal for a Regulation on risk-preparedness in the electricity sector
COM(2016) 862 final

Opinion of the European Committee of the Regions
Renewable energy and the internal market in electricity

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

(7)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
It is thus appropriate to establish a Union binding target of at least 27% share of renewable energy. Member States should define their contribution to the achievement of this target as part of their Integrated National Energy and Climate Plans through the governance process set out in Regulation [Governance].	It is thus appropriate to establish a Union binding target of at least 27% share of renewable energy. Member States should define their contribution to the achievement of this target as part of their Integrated National Energy and Climate Plans through the governance process set out in Regulation [Governance]. ***For the sake of consistency with the Paris Agreement, it will be necessary that Member States set their own binding targets providing for a greater share of energy from renewable sources.***

Reason
Member States should have the possibility to set more ambitious national binding targets for their share of energy from renewable sources. In this process, they could aim to achieve a higher share of renewables than the EU binding 27% target. However, the setting of national target should be left to each Member State to decide after considering their own options, requirements and circumstances. No higher binding target should be set at the EU level.

Amendment 2

(13)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
The Commission should facilitate the exchange of best practices between the competent national or regional authorities or bodies, for instance through regular meetings to find a common approach to promote a higher uptake of cost-efficient renewable energy projects, encourage investments in new, flexible and clean technologies, and set out an adequate strategy to manage the retirement of technologies which do	The Commission should facilitate the exchange of best practices between the competent national or regional ***and local*** authorities or bodies, for instance through regular meetings to find a common approach to promote a higher uptake of cost-efficient renewable energy projects, encourage investments in new, flexible and clean technologies, and set out an adequate strategy to manage the retirement of technologies which do

not contribute to the reduction of emissions or deliver sufficient flexibility, based on transparent criteria and reliable market price signals.	not contribute to the reduction of emissions or deliver sufficient flexibility, based on transparent criteria and reliable market price signals.

Reason
The text proposed by the Commission should also refer to local authorities. This is very important, since in terms of energy, local authorities directly contribute to developing renewable energy within their boundaries and to implementing national energy targets.

Amendment 3

(15)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
Support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity. If and when Member States decide to implement support schemes, such support should be provided in a form that is as non-distortive as possible for the functioning of electricity markets. To this end, an increasing number of Member States allocate support in a form where support is granted in addition to market revenues.	Support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity. If and when Member States decide to implement support schemes, such support should be provided in a form that is as non-distortive as possible for the functioning of electricity markets. To this end, an increasing number of Member States allocate support in a form where support is granted in addition to market revenues***, and it is therefore necessary to give renewable energy generators incentives to enable them to respond to market signals***.

Reason
The EU Directive on the promotion of the use of energy from renewable sources states that support schemes for renewable energy sources should not lead to market distortions. It is therefore necessary to give renewable energy generators incentives to enable them to respond to market signals.

Amendment 4

(33)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
At national ***and*** regional level, rules and obligations for minimum requirements for the use of energy from renewable sources in new and renovated buildings have led to considerable increases in the use of energy from renewable	At national***,*** regional ***and local*** level, rules and obligations for minimum requirements for the use of energy from renewable sources in new and renovated buildings have led to considerable increases in the use of energy from renewable

sources. Those measures should be encouraged in a wider Union context, while promoting the use of more energy-efficient applications of energy from renewable sources through building regulations and codes.	sources. Those measures should be encouraged in a wider Union context, while promoting the use of more energy-efficient applications of energy from renewable sources through building regulations and codes.

Reason
It is suggested that reference should also be made to local authorities. When drawing up plans for developing sustainable energy and the use of renewable energy, the municipalities set minimum requirements for the use of energy from renewable sources.

Amendment 5

(54)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
Local citizen participation in renewable energy projects through renewable energy communities has resulted in substantial added value in terms of local acceptance of renewable energy and access to additional private capital. This local involvement will be all the more crucial in a context of increasing renewable energy capacity in the future.	Local citizen participation in renewable energy projects through renewable energy communities has resulted in substantial added value in terms of local acceptance of renewable energy and access to additional private capital. This local involvement will be all the more crucial in a context of increasing renewable energy capacity in the future. ***The creation of such communities should be supported at national, regional and local level.***

Reason
The Commission proposals underline that consumers should become active players on the new electricity market. Local energy communities can be an efficient way of managing energy at local level either by directly consuming the electricity they generate or by using it for heating and cooling. The creation of such communities should therefore be supported at all governmental and administrative levels.

Amendment 6

(55)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
The specific characteristics of local renewable energy communities in terms of size, ownership structure and the number of projects can hamper their competition on equal footing with large-	The specific characteristics of local renewable energy communities in terms of size, ownership structure and the number of projects can hamper their competition on equal footing with large-

scale players, namely competitors with larger projects or portfolios. Measures to offset those disadvantages include enabling energy communities to operate in the energy system and easing their market integration.	scale players, namely competitors with larger projects or portfolios. Measures to offset those disadvantages include enabling energy communities to operate in the energy system and easing their market integration. ***It is proposed that the Member States in cooperation with the European Commission and their local and regional authorities draw up recommendations setting out the basic principles governing the communities' structure and activities.***

Reason
The Commission proposals put forward the view that citizens should take ownership of the energy transition, make use of new technologies to reduce their energy bills and actively participate in the market, and that local energy communities can be an effective means of energy management at local level. In order to achieve these objectives, it is important to provide the general public with detailed information about how the communities are set up, how they operate, and what opportunities and benefits they offer.

Amendment 7

Article 3(1), (2), (4)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
1. Member States shall collectively ensure that the share of energy from renewable sources in the Union's gross final consumption of energy in 2030 is at least 27%.	1. Member States shall collectively ensure that the share of energy from renewable sources in the Union's gross final consumption of energy in 2030 is at least 27%. ***Member States may, after evaluating local requirements and circumstances, set their own binding targets providing for a higher share.***
2. Member States' ***respective contributions*** to this overall 2030 target shall be set and notified to the Commission as part of their Integrated National Energy and Climate Plans in accordance with Articles 3 to 5 and Articles 9 to 11 of Regulation [Governance].	2. ***The*** Member States' ***way*** to ***achieve*** this overall 2030 target shall be set and notified to the Commission as part of their Integrated National Energy and Climate Plans in accordance with Articles 3 to 5 and Articles 9 to 11 of Regulation [Governance].
4. The Commission shall support the high ambition of Member States through an enabling framework comprising the enhanced use of Union funds, in particular financial instruments, especially in view of reducing the ***cost of capital for*** renewable energy projects.	4. The Commission shall support the high ambition of Member States through an enabling framework comprising the enhanced use of Union funds, in particular financial instruments, especially in view of reducing the ***varying economic costs of*** renewable energy projects ***and improving the technological capacity and***

	competitiveness of European manufacturers and installers or consumer interest in acquiring energy from renewable sources. Likewise, in the use of EU funds, the Commission may establish mechanisms that, considering different factors and circumstances, will encourage regions or Member States whose progress in renewables can be considered higher than the average. ***6. Each Member State shall ensure that the share of energy from renewable sources, calculated in accordance with the content of this Directive, in gross final consumption of energy in 2030 is at least its national overall target (divided in electricity, thermal consumption and transport) for the share of energy from renewable sources in that year, as set out in the Annex I.***

Reason
Concerning 3(1) Member States should have the possibility to set more ambitious national binding targets for their share of energy from renewable sources. In this process, they could aim to achieve a higher share of renewables than the EU binding 27% target. However, the setting of national target should be left to each Member State to decide after considering their own options, requirements and circumstances. No higher binding target should be set at the EU level. Concerning 3(4) The amendment introduces the idea that European funds can be allocated in larger amounts to those countries (and possibly regions) that are most successful in terms of promotion of renewable energy sources. Such a mechanism should take into account the different circumstances of each country and act as an incentive for them. In addition, for a balanced and competitive development, public funds should not be used for one objective only. Concerning 3(6) The amendment recovers the text of the previous directive, which obliged each Member State to establish and commit itself to its own national objectives. It is also suggested that those objectives should be detailed in their electrical, thermal and transport-related aspects.

Amendment 8

Article 4

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
1. Subject to State aid rules, in order to reach the Union target set in Article 3(1), Member States may apply support schemes. Support schemes for electricity from renewable sources shall be designed so as to avoid ***unnecessary*** distortions of electricity markets and ensure that producers take into account the supply and demand of electricity as well as possible grid constraints.	1. Subject to State aid rules, in order to reach the Union target set in Article 3(1), Member States may apply support schemes. Support schemes for electricity from renewable sources ***(and consequently all provisions relating to the relevant market)*** shall be designed so as to avoid distortions of electricity markets ***(relating to internalisation of all costs and environmental risks), to guarantee that reliability, quality of supply, competitiveness and affordability are not compromised*** and ***to*** ensure that producers take into account the supply and demand of electricity as well as possible grid constraints.
2. Support for electricity from renewable sources shall be designed so as to integrate electricity from renewable sources in the electricity market and ensure that renewable energy producers are responding to market price signals and maximise their market revenues.	2. Support for electricity from renewable sources shall be designed so as to integrate electricity from renewable sources in the electricity market and ensure that renewable energy producers are responding to market price signals and maximise their market revenues.
	3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner.
3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner.	***4. Member States may adjust financial support schemes in the outermost regions based on actual production costs resulting from specific characteristics or dependence on external sources, with the aim of increasing the electricity generated from renewable and other domestically produced clean energy sources.***
4. Member States shall assess the effectiveness of their support for electricity from renewable sources at least every four years. Decisions on the continuation or prolongation of support and design of new support shall be based on the results of the assessments.	***5***. Member States shall assess the effectiveness of their support for electricity from renewable sources at least every four years. Decisions on the continuation or prolongation of support and design of new support shall be based on the results of the assessments.

Reason
Concerning 4(1) Considering the market distortions caused by national regulations or by the fossil fuel companies operating under them, it would be appropriate to put into context the market distortion mentioned by the Directive. Electricity from renewable energy sources should be integrated in the electricity market by taking into account the characteristics of each technology. Employing price as the only guiding principle may mask the real situation. Concerning 4(2) The integration of the different renewables would be done regarding the technology peculiarities. Trying to put the price as a single indicator, can be to falsify the real situation. Concerning 4(3) and 4(5) Centralisation would contradict the Commission's objective of giving broad discretion to the Member States to grant support in an open, transparent, competitive, non-discriminatory and cost-effective manner. Since Member States can set their own target requirements, a reference to compulsory EU criteria is out of place.

Amendment 9

Article 5(2)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
2. Member States shall ensure that support for at least 10% of the newly-supported capacity in each year between 2021 and 2025 and at least 15% of the newly-supported capacity in each year between 2026 and 2030 is open to installations located in other Member States.	2. Member States shall ensure that support for at least 10% of the newly-supported capacity in each year between 2021 and 2025 and at least 15% of the newly-supported capacity in each year between 2026 and 2030 is open to installations located in other Member States. ***Cross-border cooperation investments which provide for an appropriate level of interconnections should also be promoted.***

Reason
Toning down the call for cross-border tenders will take competitive pressure out of the system. There is still potential to cut costs. It is therefore important that appropriate interconnection capacity between the Member States is created.

Amendment 10

Article 6

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
Without prejudice to adaptations necessary to comply with State aid rules, Member States shall ensure that the level of, and the conditions attached to, the support granted to renewable energy projects are not revised in a way that negatively impacts the rights conferred thereunder and the economics of supported projects.	Without prejudice to adaptations necessary to comply with State aid rules, ***or other special circumstances of force majeure to be established on a case by case basis by the Member States and the European Commission,*** Member States shall ensure that the level of, and the conditions attached to, the support granted to renewable energy projects are not revised in a way that negatively impacts the rights conferred thereunder and the economics of supported projects.

Reason
A certain flexibility should be allowed to Member States in cases of *force majeure* or in cases where public funds that are dedicated to, for instance, education and health, are at risk of budget cuts while funds allocated to the promotion of renewable energy sources remain untouched.

Amendment 11

Article 7(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
For the calculation of a Member State's gross final consumption of energy from renewable energy sources, the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, shall be no more than 7% of final consumption of energy in road and rail transport in that Member State. This limit shall be reduced to 3,8% in 2030 following the trajectory set out in part A of Annex X. Member States may set a lower limit and may distinguish between different types of biofuels, bioliquids and biomass fuels produced from food and feed crops, for instance by setting a lower limit for the contribution from food or feed crop based biofuels produced from oil crops, taking into account indirect land use change.	For the calculation of a Member State's gross final consumption of energy from renewable energy sources, the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, ***excluding low indirect land-use change-risk biofuels as defined in Article 2(u),*** shall be no more than 7% of final consumption of energy in road and rail transport in that Member State. This limit shall be reduced to 3,8% in 2030 following the trajectory set out in part A of Annex X. Member States may set a lower limit and may distinguish between different types of biofuels, bioliquids and biomass fuels produced from food and feed crops, for instance by setting a lower limit for the contribution from food or feed crop based biofuels produced from oil crops, taking into account indirect land use change.

Reason
Conventional biofuels with good climate performance and sustainability, including low ILUC

emissions, should not be phased out. The FAO advocates sustainable production of both food and fuels. Large areas of agricultural land lie fallow in the EU and phasing out biofuels hinders flexible resource use and technological development.

Amendment 12

Article 9(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
1. Two or more Member States may cooperate on all types of joint projects relating to the production of electricity, heating or cooling from renewable energy sources. That cooperation may involve private operators.	1. Two or more Member States may cooperate on all types of joint projects relating to the production of electricity, heating or cooling from renewable energy sources. That cooperation may involve private operators. ***The benefits of regional cooperation should be particularly strongly emphasised.***

Reason
It is important to clearly emphasise the importance of regional cooperation on the renewable energy market. Cooperation at regional level can bring significant economic benefits as well as offering real potential for joint development of the internal market in electricity.

Amendment 13

Article 11(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
One or more Member States may cooperate with one or more third countries on all types of joint projects regarding the production of electricity from renewable energy sources. Such cooperation may involve private operators.	One or more Member States may cooperate with one or more third countries on all types of joint projects regarding the production of electricity from renewable energy sources. Such cooperation may involve private operators. ***Renewable energy production plants located in third countries that are included in the joint projects must comply during their life cycle with environmental, social, labour, and safety standards applied in general in the European Union and in the Member State that intends to use this energy production in its own national accounts.***

Reason
This safeguard seeks to avoid potential dumping situations in energy transfers with non-Member States.

Amendment 14

Article 16(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
By 1 January 2021 Member States shall set up one or more single administrative contact points which will coordinate the entire permit granting process for applicants for permits to build and operate plants and associated transmission and distribution network infrastructures for the production of energy from renewable energy sources.	By 1 January 2021 Member States shall set up one or more single administrative contact points which will coordinate the entire permit granting process for applicants for permits to build and operate plants and associated transmission and distribution network infrastructures for the production of energy from renewable energy sources. ***These contact points may be managed by the regions or local authorities within their field of competences.***

Reason
It is intended to give more relevance to regional and local entities in the management of renewable energy projects. Even for certain types of facilities, these entities have powers of management.

Amendment 15

Article 19(2), (7)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
2. […] Member States shall ensure that no guarantees of origin are issued to a producer that receives financial support from a support scheme for the same production of energy from renewable sources. ***Member States shall issue such guarantees of origin and transfer them to the market by auctioning them. The revenues raised as a result of the auctioning shall be used to offset the costs of renewables support.***	2. […] Member States shall ensure that no guarantees of origin are issued to a producer that receives financial support from a support scheme for the same production of energy from renewable sources.
7. A guarantee of origin shall specify at least: (a) the energy source from which the energy was produced and the start and end dates of	7. A guarantee of origin shall specify at least: (a) the energy source from which the energy was produced and the start and end dates of

production; (b) whether it relates to: (i) electricity; or (ii) gas, or (iii) heating or cooling; (c) the identity, location, type and capacity of the installation where the energy was produced; (d) whether the installation has benefited from investment support, whether the unit of energy has benefited in any other way from a ***national*** support scheme, and the type of support scheme; (e) the date on which the installation became operational; and (f) the date and country of issue and a unique identification number. Simplified information may be specified on guarantees of origin from small scale installations.	production; (b) whether it relates to: (i) electricity; or (ii) gas, or (iii) heating or cooling; (c) the identity, location, type and capacity of the installation where the energy was produced; (d) whether the installation has benefited from investment support, whether the unit of energy has benefited in any other way from a ***public*** support scheme, and the type of ***this*** support scheme; (e) the date on which the installation became operational; and (f) the date and country of issue and a unique identification number. Simplified information may be specified on guarantees of origin from small scale installations.

Reason
Concerning 19(2) It is of utmost importance that renewable energy producers are not granted the same guarantee of origin twice – through state aid support schemes and guarantees of origins auctions. Concerning 19(7) Public aid does not have to come only from the States.

Amendment 16

Article 20

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
	1. Subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria defined by the competent national authorities: ***(a) Member States shall ensure that transmission system operators and distribution system operators in their territory guarantee the transmission and distribution of electricity produced from renewable energy sources, including the installation of electric energy storage systems and power management systems using batteries to eliminate disruptions in***

	intermittent renewable energy sources and ensure the stability of the electricity network; ***(b) Member States shall also provide for either priority access or guaranteed access to the grid-system of electricity produced from renewable energy sources;*** ***(c) Member States shall ensure that when dispatching electricity generating installations, transmission system operators shall give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria. Member States shall ensure that appropriate grid and market-related operational measures are taken in order to minimise the curtailment of electricity produced from renewable energy sources. If significant measures are taken to curtail the renewable energy sources in order to guarantee the security of the national electricity system and security of energy supply, Members States shall ensure that the responsible system operators report to the competent regulatory authority on those measures and indicate which corrective measures they intend to take in order to prevent inappropriate curtailments;*** ***d) Member States should ensure that remuneration for renewable energy is in line with transparency criteria, taking into account production costs for electricity from fossil fuels in the electricity networks into which renewable energy will be injected, specifically in small isolated networks, and eliminating distortions introduced by aid or profits which may be distributed to conventional production systems and fossil fuel supply systems in order to prevent distortions which favour fossil fuel energy sources to the detriment of renewables.*** ***e) Installations for producing electricity from renewables essentially aimed at own consumption, particularly in the residential sector, should be assured that energy surplus can be injected in the public network with limits on power and energy in line with actual consumption, and should have facilitated***

	authorisation processes and fair compensation prices in keeping with the prices of the energy supplied to the consumer.
1. Where relevant, Member States shall assess the need to extend existing gas network infrastructure to facilitate the integration of gas from renewable energy sources.	***2***. Where relevant, Member States shall assess the need to extend existing gas network infrastructure to facilitate the integration of gas from renewable energy sources. ***3. Where relevant, Member States shall assess the need to develop existing transport fuel network infrastructure to facilitate the integration of fuel from renewable energy sources.***
3. Subject to that their assessment, included in the integrated national energy and climate plans in accordance with Annex I of Regulation [Governance], on ***the necessity*** to build new infrastructure for district heating and cooling produced from renewable energy sources in order to achieve the Union target referred to in Article 3(1), Member States shall, where relevant, take steps with a view to developing a district heating) infrastructure to accommodate the development of heating and cooling production from large biomass, solar and geothermal facilities.	***4***. Subject to that their assessment, included in the integrated national energy and climate plans in accordance with Annex I of Regulation [Governance], on ***the possibility and interest*** to build new infrastructure for district heating and cooling produced from renewable energy sources in order to achieve the Union target referred to in Article 3(1), Member States shall, where relevant, take steps with a view to developing a***n infrastructure for the use of thermal energy (for example through*** district heating ***systems)*** to accommodate the development of heating and cooling production from large biomass, solar and geothermal facilities.

Reason
Concerning former 20(2) It is suggested to maintain the paragraph of the previous directive which gives preference to access, dispatch and connection to renewable electricity. Concerning 20(3) of the opinion As it is doing with biogas, it is facilitating the entry of any fuel from renewable origin into the distribution infrastructure for transport fuel. Concerning 20(4) of the opinion The term "necessity" is avoided, which seems to suggest that district heating and cooling are the only way to meet the objectives of the EU.

Amendment 17

New Article after Article 20

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	*CoR amendment*
	On business and technological development. ***1. Currently, the European Union has a global technological and business leadership in the field of RES based on the competitiveness of our products and services companies from equipment manufacturers to consultants to installers, maintainers or financial institutions. It is the Commission's priority objective to consolidate and expand this leadership by 2030.*** ***2. Both the Commission and the Member States shall allocate at least 15% of all their funds to support for renewable energies, for actions to improve capacity, business competitiveness and especially their technological development. Likewise, in the case of ESIF, the European Commission should establish mechanisms which, considering different factors and circumstances, allow the regions or Member States whose progress in this specific area is considered greater than the average, to enable to incentivise RES in their areas.*** ***3. In order to maintain this leadership, the following priority lines should be established by Member States and the European Commission, without prejudice to others:*** ***(A) Technology:*** ***(i) constant reduction of investment and operating costs incorporating, among others, Information and Communication Technologies (ITCs)*** ***(ii) Increased energy yields and adaptability of facilities to the requirements of different consumers.*** ***(iii) Without prejudice to other technologies, photovoltaics, energy storage, heat pumps, third generation biofuels and marine energy will have special relevance.*** ***(iv) The manageability of the renewable production and its transport.*** ***(v) The implementation of technological***

	improvements, large or small, in all the processes and value chains of the renewable sectors. ***(B) Business:*** ***(i) The development and diffusion of different financial instruments.*** ***(ii) Improving internal business processes by orienting them according to the interests and expectations of current or potential customers, improving market and marketing studies.*** ***(iii) Facilitate the exchange of methodologies and ways of working of companies from different Member States, favouring the establishment of long-term trade agreements and increasing the size and capacity of companies.*** ***(iv) Facilitate the transit of information between the company, university and technological centres.*** ***4. The Commission, together with the Member States, will prepare a specific strategy in this field before 31.12.2018, characterizing the priority lines and, depending on the evolution of the different renewable sectors and geographic areas, bottlenecks, opportunities and the public actions that can take place in the next decade.*** ***5. Where relevant, Member States shall assess the need to develop electricity storage infrastructures so as to boost the integration of energy from renewable sources.***

Reason
Concerning points 1 to 4 The total absence of a direct and explicit reference to these extremely important subjects (business and technological development) in relation to the thoroughness with which others are treated is considered out of place in a European Directive. Concerning point 5 Steps to encourage the production of renewable energy cannot be dissociated from the need for storage infrastructure. This is a particularly pressing need in island and outermost regions with isolated micro-networks.

Amendment 18

Article 22(1)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.	Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.
For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:	For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:
(a) shareholders or members are natural persons, local authorities, including municipalities, or SMEs operating in the fields or renewable energy;	(a) shareholders or members are natural persons, ***regional or*** local authorities, including municipalities, or SMEs operating in the fields or renewable energy;
(b) at least 51% of the shareholders or members with voting rights of the entity are natural persons;	(b) at least 51% of the shareholders or members with voting rights of the entity are natural persons;
(c) at least 51% of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizen having a direct interest in the community activity and its impacts;	(c) at least 51% of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizen having a direct interest in the community activity and its impacts;
(d) at least 51% of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;	(d) at least 51% of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;
(e) the community has not installed more than ***18*** MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 year.	(e) the community has not installed more than ***30*** MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 year.

Reason
Renewable energy communities can be an essential tool on empowering local sustainable energy production. Regional authorities may also play a role in this context and the threshold on the size of the energy production of such communities should not be too restrictive.

Amendment 19

Article 23

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
1. In order to facilitate the penetration of renewable energy in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7.	1. In order to facilitate the penetration of renewable energy ***and/or waste heat or cold*** in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy ***and/or waste heat or cold*** supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7.
2. Member States may designate and make public, on the basis of objective and non-discriminatory criteria, a list of measures and the ***implementing*** entities, such as ***fuel*** suppliers, which shall contribute to the increase set out in paragraph 1.	2. Member States may designate and make public, on the basis of objective and non-discriminatory criteria, a list of measures and the ***collaborative*** entities, such as ***energy*** suppliers, which shall contribute to ***implement and assess*** the increase set out in paragraph 1.
3. The increase set out in paragraph 1 ***may*** be implemented through ***one or more of the following options***: (a) physical incorporation of renewable energy ***in the energy and energy fuel supplied for*** heating and cooling; (b) ***direct mitigation measures such as installation of highly efficient renewable heating and cooling systems in buildings or renewable energy use for industrial heating and cooling processes;*** (c) ***indirect mitigation measures covered by tradable certificates proving compliance with the obligation through support to indirect mitigation measures, carried out by another economic operator such as an independent renewable technology installer or energy service company - ESCO providing renewable installation services.***	3. The increase set out in paragraph 1 ***shall*** be implemented through: (a) ***the*** physical incorporation of ***new*** renewable energy ***from*** heating and cooling ***systems***; (b) ***processes directly linked to buildings and industry or some primary sector processes;(c) other policy measures with effects commensurate with what is set out in paragraph 1, such as national fiscal measures or other economic incentives.***
	4. The different measures to be implemented shall consider that: ***a) the heating and cooling market is very***

	fragmented and depends on the type of consumer, the degree of centralisation, the fuel previously used, etc. ***b) tackling the obstacles to more efficient and sustainable heating and cooling will require action at local, regional and national level, within a supportive European framework.*** ***In this way Member States may use or develop:*** ***(a) initiatives to improve the financing and profitability.*** ***(i) tradable certificates proving compliance with the obligation through support to indirect*** mitigation measures***, carried out by another economic operator*** such as ***an independent renewable technology installer or energy service company (ESCO) providing renewable*** installation ***services.*** ***(ii) review their property laws to address how to share benefits from renewable energy improvements between landlords and tenants or the residents*** of ***multi-apartment buildings.*** ***(iii) support local and regional actors who can improve the bankability of*** renewable heating and cooling ***investments through 'bundling' individual projects into bigger investment packages (aggregates).*** ***(iv) establish one-stop-shop for investment advice (encompassing advisory services, Project Development Assistance and project financing).*** ***(v) encourage retail banks to offer products adapted for renovation of privately rented*** buildings ***(e.g. deferred mortgages, term loans) that could be supported with public support.*** ***(vi) direct subsidies to investments will be avoided unless the installation supported has some added value as innovation, high efficiency, replicability, etc.*** ***(b) initiatives to improve the public knowledge and confidence of technologies and suppliers:*** ***(i) using inspections of boilers to provide information on the*** renewable ***systems benefits in the replacement of existing*** heating and cooling ***systems.*** ***(ii) setting up and advertising websites with prices (plus environmental items, technical availability and reliability, etc.), comparison tools on a lifetime scheme in order to help***

	potential or current consumers to decide the more interesting equipment, installation, fuel provider, etc. ***(iii) establish and advertise transparent mechanisms for the resolution of conflicts between users and suppliers that encourage them to offer better services and increase the confidence of potential clients.*** ***(iv) develop long-term communication and advertisement campaigns defined according to the type of potential consumer, renewable technology selected or the sector stakeholder.*** (c) ***initiatives to empower the installation and operation and maintenance companies.*** ***(i) without prejudice to other technological development initiatives, sectoral round tables between technological centres, equipment industry, engineering firms and installers will be implemented to help the latter improve their services and products***. ***(ii) work with stakeholders (especially bodies such as consumers, installers or architect associations) to segment them and raise their interests, awareness and priorities about renewable energies, as a way to inspire the broad communication campaigns needed.*** ***(d) initiatives to bolster improve the sector.*** ***(i)*** the established structures under the national energy efficiency obligation schemes set out in Article 7a of Directive 2012/27/EU to implement and monitor the measures referred to in Paragraph 2***.*** ***(ii) supporting local and regional authorities in preparing strategies for the promotion of renewable heating and cooling***.
4. ***Member States may use*** the established structures under the national energy efficiency obligation schemes set out in Article 7a of Directive 2012/27/EU to implement and monitor the measures referred to in Paragraph 2.	
5. The entities designated under paragraph 2 shall ensure that their contribution is measurable and verifiable and shall report annually starting from 30 June 2021, to the authority designated by the Member State, on: (a) the total amount of energy supplied for heating and cooling; (b) the total amount of renewable energy supplied for heating and cooling; (c) the share of renewable energy in the total amount of energy supplied for heating and	5. The entities designated under paragraph 2 shall ensure that their contribution is measurable and verifiable and shall report annually starting from 30 June 2021, to the authority designated by the Member State, on: (a) the total amount of energy supplied for heating and cooling; (b) the total amount of renewable energy ***and/or waste heat or cold*** supplied for heating and cooling; (c) the share of renewable energy ***and/or waste***

cooling; and (d) the type of renewable energy source.	***heat or cold*** in the total amount of energy supplied for heating and cooling; and (d) the type of renewable energy source ***and the basic characteristics of the equipment of heating and cooling existing in the different points of consumption.***.

Reason
Concerning 23(1), (3), (5) The substitution of fossil fuels and the reduction of primary energy consumption means that it is important for the heating and cooling sector to take not only renewable energies, but also surplus heat and co-products into consideration. If the desired objectives are to be achieved, it is also important to make economic incentives and fiscal measures possible. Concerning 23(2) The correction is simply to clarify the meaning of these entities. Energy supply is a concept that does not cover fuel only. In fact, energy could be supplied through fuel, electricity or solar energy. Concerning 23(4) Heating and cooling is a very important matter in EU. Last year the Commission published a specific strategy. Many of those ideas are not reflected in this directive and we have recovered them. Otherwise we have introduced some new ideas such as avoiding direct subsidies or the developing consumer confidence. Concerning 23(5) In order to have a better knowledge of the sector and the possibilities of future development, it is essential to know the state and characteristics of existing facilities. This information can be collected by the fuel supplier, thus allowing verification of Administration registered data.

Amendment 20

Article 24(4)

Proposal for a Directive on the promotion of the use of energy from renewable sources (recast) – COM(2016) 767 final – 2016/0382 (COD)

Commission proposal	***CoR amendment***
Member States shall lay down the necessary measures to ensure ***non-discriminatory*** access to DHC systems for heat and cold produced from renewable energy sources and for waste heat and cold. This ***non-discriminatory*** access shall enable ***direct*** supply of heating or cooling from such sources ***to customers connected*** to the district heating or cooling system by suppliers other than the operator of the district heating or cooling system.	Member States shall lay down the necessary measures to ensure ***a regulated*** access to DHC systems for heat and cold produced from renewable energy sources and for waste heat and cold. This access shall enable supply of heating or cooling from such sources to the district heating or cooling system by suppliers other than the operator of the district heating or cooling system.

Reason
A general right for third party actors to sell heating or cooling directly to end-users would be counter-productive and not cost-efficient. It creates uncertainty for investments and unclear long term responsibility. An unbundling of the grid and the supply operations increases costs for end-users.

Amendment 21

(6)

Proposal for a Regulation on the internal market for electricity (recast) – COM(2016) 861 final

Commission proposal	*CoR amendment*
More market integration and the change towards more volatile electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade.	More market integration and the change towards more volatile electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade**,** ***while maintaining a level playing field and upholding the principle of reciprocity***.

Reason
The involvement of third countries in the EU internal market in electricity can be highly significant for some Member States. When trading with third countries, therefore, it is very important to ensure a level playing field, and the same conditions for market access (principle of reciprocity).

Amendment 22

(8)

Proposal for a Regulation on the internal market for electricity (recast) – COM(2016) 861 final

Commission proposal	*CoR amendment*
Core market principles should set out that electricity prices are to be determined through demand and supply. Those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage.	Core market principles should set out that electricity prices are to be determined through demand and supply. Those prices should signal when electricity is needed, providing market-based incentives for investments into flexibility sources such as flexible generation, interconnection, demand response or storage. ***With these objectives in mind, the Member States should gradually phase out price regulation.***

Reason
In many Member States, electricity prices do not follow demand and supply but are regulated by the public authorities. Price regulation can limit the development of effective competition and discourage investments and the entry of new suppliers into the market. The new market design aims at ensuring that electricity prices are free of any public intervention. The European Commission's proposal on the

abolition of price regulation is welcomed in principle but this should happen gradually.

Amendment 23

(24)

Proposal for a Directive on common rules for the internal market in electricity (recast) – COM(2016) 864 final

Commission proposal	***CoR amendment***
All consumers should be able to benefit from directly participating in the market, in particular by adjusting their consumption according to market signals and in return benefit from lower electricity prices or other incentive payments. The benefits of this active participation are likely to increase over time when electric vehicles, heat pumps and other flexible loads become more competitive. Consumers should be enabled to participate in all forms of demand response and therefore should have the possibility to opt for having a smart metering system and a dynamic electricity pricing contract. This should allow them to adjust their consumption according to real time price signals that reflect the value and cost of electricity or transportation in different time periods, while Member States should ensure a reasonable exposure of consumers to the wholesale price risk. Member States should also ensure that those consumers who choose not to actively engage in the market are not penalised but instead their informed decision-making on the options available to them should be facilitated in the manner that is the most suitable for domestic market conditions.	All consumers should be able to benefit from directly participating in the market, in particular by adjusting their consumption according to market signals and in return benefit from lower electricity prices or other incentive payments. The benefits of this active participation are likely to increase over time when electric vehicles, heat pumps and other flexible loads become more competitive. Consumers should be enabled to participate in all forms of demand response and therefore should have the possibility to opt for having a smart metering system and a dynamic electricity pricing contract. This should allow them to adjust their consumption according to real time price signals that reflect the value and cost of electricity or transportation in different time periods, while Member States should ensure a reasonable exposure of consumers to the wholesale price risk. Member States should also ensure that those consumers who choose not to actively engage in the market are not penalised but instead their informed decision-making on the options available to them should be facilitated in the manner that is the most suitable for domestic market conditions. ***National, regional and local authorities must create the necessary basis for consumers to receive comprehensive information about the requirements and opportunities of market participation. Member States should also ensure specific measures targeted at those consumers that are most vulnerable to the risk of energy poverty in order to ensure their active participation in the market, protect their right to access energy and to enable them to benefit from innovative technology that reduces their energy consumption.***

Reason
The amendment adds a provision to the effect that all authorities must encourage consumers to participate and give them comprehensive information about the relevant requirements and opportunities.

Amendment 24

(30)

Proposal for a Directive on common rules for the internal market in electricity (recast) – COM(2016) 864 final

Commission proposal	*CoR amendment*
Distributed energy technologies and consumer empowerment have made community energy and energy cooperatives an effective and cost-efficient way to meet citizens' needs and expectations regarding energy sources, services and local participation. Community energy offers an inclusive option for all consumers to have a direct stake in producing, consuming or sharing energy between each other within a geographically confined community network that may operate in an isolated mode or be connected to the public distribution network. Community energy initiatives focus primarily on providing affordable energy of a specific kind, such as renewable energy, for their members or shareholders rather than prioritising profit-making like a traditional energy company. By directly engaging with consumers community energy initiatives are demonstrating their potential in facilitating the up-take of new technologies and consumption patterns, including smart distribution grids and demand response, in an integrated manner. Community energy can also advance energy efficiency at household level and help fight energy poverty through reduced consumption and lower supply tariffs. Community energy also enables certain groups of household consumers to participate in the energy market who otherwise might not have been able to do so. Where they have been successfully operated such initiatives have delivered economic, social and environmental value to the community that goes beyond the mere benefits derived from the provision of energy services.	Distributed energy technologies and consumer empowerment have made community energy and energy cooperatives an effective and cost-efficient way to meet citizens' needs and expectations regarding energy sources, services and local participation. Community energy offers an inclusive option for all consumers to have a direct stake in producing, consuming or sharing energy between each other within a geographically confined community network that may operate in an isolated mode or be connected to the public distribution network. Community energy initiatives focus primarily on providing affordable energy of a specific kind, such as renewable energy, for their members or shareholders rather than prioritising profit-making like a traditional energy company. By directly engaging with consumers community energy initiatives are demonstrating their potential in facilitating the up-take of new technologies and consumption patterns, including smart distribution grids and demand response, in an integrated manner. Community energy can also advance energy efficiency at household level and help fight energy poverty through reduced consumption and lower supply tariffs. Community energy also enables certain groups of household consumers to participate in the energy market who otherwise might not have been able to do so. Where they have been successfully operated such initiatives have delivered economic, social and environmental value to the community that goes beyond the mere benefits derived from the provision of energy services.

Local energy communities should be allowed to operate on the market on a level-playing field without distorting competition. Household consumers should be allowed to voluntarily participate in a community energy initiative as well as to leave, without losing access to the network operated by the community energy initiative or their rights as consumers. Access to a local energy community's network should be granted on fair and cost-reflective terms.	Local energy communities should – ***in accordance with clearly defined rules*** – be allowed to operate on the market on a level-playing field without distorting competition. Household consumers should be allowed to voluntarily participate in a community energy initiative as well as to leave, without losing access to the network operated by the community energy initiative or their rights as consumers. Access to a local energy community's network should be granted on fair and cost-reflective terms.

Reason
Local energy communities can be an efficient way of managing energy at local level. In order to encourage the establishment of communities and their participation in the electricity market, it is very important to have an appropriate legal framework to set clear rules for the activities of the communities on the energy market.

Amendment 25

(38)

Proposal for a Directive on common rules for the internal market in electricity (recast) – COM(2016) 864 final

Commission proposal	***CoR amendment***
Currently different models for the management of data have been developed or are under development in the Member States following the deployment of smart metering systems. Independently of the data management model it is important that Member States put in place transparent rules under which data can be accessed under non-discriminatory conditions and ensure the highest level of cybersecurity and data protection as well as the impartiality of the entities which handle data.	Currently different models for the management of data have been developed or are under development in the Member States following the deployment of smart metering systems. Independently of the data management model it is important that Member States put in place transparent rules under which data can be accessed under non-discriminatory conditions and ensure the highest level of cybersecurity and data protection as well as the impartiality of the entities which handle data. ***For consumers to be involved in demand response and have the option of a dynamic pricing system, they must have access via distributors to information about their hourly electricity consumption. It is recommended that such access to information be available for all smart electricity meters and be installed for all contracted power ranges.***

Reason
Access to information for all smart electricity meters should be a recommendation, not a binding requirement, but must be installed for all contracted power ranges.

Amendment 26

(3)

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) – COM(2016) 863 final – 2016/0378 (COD)

Commission proposal	*CoR amendment*
It is projected that the need for coordination of national regulatory actions will increase further in the coming years. Europe's energy system is in the middle of its most profound change in decades. More market integration and the change towards more variable electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade.	It is projected that the need for coordination of national regulatory actions will increase further in the coming years. Europe's energy system is in the middle of its most profound change in decades. More market integration and the change towards more variable electricity production requires increased efforts to coordinate national energy policies with neighbours and to use the opportunities of cross-border electricity trade. ***It is also important to strengthen the national regulatory authorities. Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. In order for national regulatory authorities to function adequately the necessary resources must be made available and it must also be possible for them to be involved with full rights in cooperation at EU level.***

Reason
Greater coordination between Member States in the area of energy is to be welcomed. However, the role of the national regulatory authority in each individual EU Member State is equally important. It should be pointed out that the Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. Sufficient resources must also be provided so that the national regulatory authorities can do their job properly.

Amendment 27

Article 14

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) – COM(2016) 863 final – 2016/0378 (COD)

Commission proposal	*CoR amendment*
The Agency may, in circumstances clearly	The Agency may, in circumstances clearly

defined by the Commission in Guidelines adopted pursuant to Article 57 of [recast Electricity Regulation as proposed by COM(2016) 861/2] or Article 23 of Regulation (EC) No 715/2009 and on issues related to the purpose for which it has been established, be commissioned with additional tasks respecting the limits of transfer of executive powers to Union agencies.	defined by the Commission in Guidelines adopted pursuant to Article 57 of [recast Electricity Regulation as proposed by COM(2016) 861/2] or Article 23 of Regulation (EC) No 715/2009 and on issues related to the purpose for which it has been established, be commissioned with additional tasks respecting the limits of transfer of executive powers to Union agencies. ***The European Commission should ensure that the Agency for the Cooperation of Energy Regulators (ACER) has the necessary competences to request the information it needs from the relevant Member State institutions in order to be able to carry out the tasks assigned to it.***

Reason
In the interests of smooth working procedures, it is necessary to ensure that the Agency for the Cooperation of Energy Regulators has sufficient rights and competences to swiftly obtain the information it needs from the relevant Member State institutions in order to be able to carry out the tasks assigned to it.

Amendment 28

Article 16(2)

Proposal for a Regulation of the European Parliament and of the Council establishing a European Union Agency for the Cooperation of Energy Regulators (recast) – COM(2016) 863 final – 2016/0378 (COD)

Commission proposal	***CoR amendment***
The Agency shall publish annually a report on the results of the monitoring referred to in paragraph 1. In that report, it shall identify any barriers to the completion of the internal markets in electricity and natural gas.	The Agency shall publish annually a report on the results of the monitoring referred to in paragraph 1. In that report, it shall identify any barriers to the completion of the internal markets in electricity and natural gas ***and issue recommendations***.

Reason
The Agency for the Cooperation of Energy Regulators is being given greater responsibility and more resources are being made available. It is receiving more competences on cross-border issues, which require a coordinated response. It would therefore be useful for the Member States if the Agency were also to issue general recommendations in its report on the results of the monitoring.

Amendment 29

(13)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC – COM(2016) 862 final – 2016/0377 (COD)

Commission proposal	***CoR amendment***
On the basis of this common methodology, ENTSO-E should regularly draw up and update regional crisis scenarios and identify the most relevant risks for each region such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. When considering the crisis scenario of gas fuel shortage, the risk of gas supply disruption should be assessed based on the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas pursuant to *Article 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]*. Member States should establish and update their national crisis scenarios on ***this*** basis, in principle every three years. The scenarios should provide the basis for the risk-preparedness plans. When identifying risks on national level the Member States should also describe possible risks they see in relation to the ownership of infrastructure relevant for security of supply, and possible measures taken, if any, to address such risks (such as general or sector-specific investment screening laws, special rights for certain shareholders, etc.), with an indication why in their view such measures are justified.	On the basis of this common methodology, ENTSO-E should regularly draw up and update regional crisis scenarios and identify the most relevant risks for each region such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. When considering the crisis scenario of gas fuel shortage, the risk of gas supply disruption should be assessed based on the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas pursuant to *Article 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]*. ***As part of the various types of regional cooperation it is recommended to present and discuss the energy situation in the region and, in doing so, to identify opportunities and threats.*** Member States should establish and update their national crisis scenarios on ***the*** basis ***of this information***, in principle every three years. The scenarios should provide the basis for the risk-preparedness plans. When identifying risks on national level the Member States should also describe possible risks they see in relation to the ownership of infrastructure relevant for security of supply, and possible measures taken, if any, to address such risks (such as general or sector-specific investment screening laws, special rights for certain shareholders, etc.), with an indication why in their view such measures are justified.

Reason
It is appropriate and useful to make provision for ENTSO-E to regularly draw up and update regional crisis scenarios and to identify the most relevant risks for each region, such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. However, it is important to strengthen regional cooperation between Member States. For the Member States it is useful if the situation at regional level is presented and discussed prior to them drafting their respective national crisis scenarios. In this way, Member States would be able to better identify and understand the national and regional measures that make crisis management as effective and smooth as possible.

Amendment 30

(18)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC – COM(2016) 862 final – 2016/0377 (COD)

Commission proposal	***CoR amendment***
To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting stakeholders. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.	To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting stakeholders***, including, where possible, local and regional authorities***. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.

Reason
It is important for there to be a common approach to crisis prevention and management in each Member State. Accordingly, this calls for close cooperation between all interested parties, with the emphasis placed on direct communication, including, where relevant, with local and regional authorities.

Amendment 31

Article 16(1)

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC – COM(2016) 862 final – 2016/0377 (COD)

Commission proposal	***CoR amendment***
As soon as possible and no later than ***six*** weeks after declaring an electricity crisis situation, the	As soon as possible and no later than ***four*** weeks after declaring an electricity crisis situation, the

competent authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.	competent authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.

Reason
The declaration of an electricity crisis situation presents a major challenge both for the Member State and the EU as a whole. Such a situation therefore calls for a quick response and swift action. The four-week deadline for submitting the evaluation report proposed in the amendment is sufficient and at the same time guarantees a faster flow of information.

Amendment 32

Article 18

Proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC – COM(2016) 862 final – 2016/0377 (COD)

Commission proposal	***CoR amendment***
Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned.	Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. ***Regional cooperation is specifically highlighted and recommended in order to maximise the efficiency of administration in the energy sector.*** In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned.

Reason
In order to maximise the effectiveness and efficiency of the management of electricity crisis situations, it is important to point out the importance of cooperation between Member States at regional level. Regional cooperation allows for quick solutions at low costs.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. welcomes the European Commission's "clean energy package" and signals that the central points it sets out – energy efficiency and sustainability of buildings, industry and transport, the development of renewable energy sources, and conditions and how to design them sensibly so as to enable consumers to participate by managing their energy requirements –, the creation of the internal market in energy and the creation of new responsibilities for electricity distribution networks, transmission system operators and national legislators will help to ensure energy independence and security of energy supply, meet climate protection goals, and above all guarantee affordable energy prices for consumers;

2. stresses, however, that there are clear indications that the current EU targets under the energy and climate package 2030 will not be sufficient to meet the commitments which all Member States and the EU have made by signing the Paris Agreement; in particular, is convinced that the 27% renewable energy target at EU level is not sufficiently ambitious and therefore calls on the European Commission and the Member States to aim higher;

3. welcomes the proposals for close cross-border cooperation at regional level while also calling on the European Commission to put forward options regarding how such cooperation can be supported by expanding rights to participate at the micro level, enabling close cooperation between local and regional authorities, and providing neighbouring regions with real opportunities to develop a common energy infrastructure spanning national borders;

4. regrets the fact that the Commission's proposals only vaguely sketch out the role of local and regional authorities and underlines local and regional authorities' important contribution to achieving climate protection goals. Many towns and cities across the EU have had climate and sustainable energy action plans for many years which call for low-CO_2 heat and energy generation, the use of renewable energy sources, measures to increase energy efficiency, and the development of sustainable transport;

5. agrees with the European Commission's aims to create a flexible, market-based framework that promotes the development of renewable energy sources while also avoiding market distortions, and especially welcomes the proposals to give consumers – who are to become active players on the electricity market – greater incentives; emphasises that local and regional authorities can contribute to this by establishing energy communities;

6. is of the view that regional cooperation to draw up national plans needs to be strengthened in areas that have clear cross-border implications; considers it very important, before national plans are drawn up, that measures are coordinated with the EU's neighbouring countries at an early stage and that local and regional authorities are involved in the process;

7. believes that Member States should intensify their efforts to eliminate administrative obstacles, bring down the cost of less mature low-carbon technologies, and focus more on effectively coordinating planning, implementation and reporting at national, regional and local level;

Developing renewable energy sources and market integration

8. shares the view that the EU should pay more attention to the development and use of technologies in the renewables sector, and notes that new technologies will offer all consumers (from industrial firms to households) the opportunity to make smarter and more sparing use of energy and to choose clean and efficient methods of generating energy;

9. believes that the lack of a renewables target for transport in Member States is a very important shortcoming, especially when meeting the 10% target for 2020, set out in the current Directive, has been the main incentive for the development of biofuels. Therefore, proposes to include a target for biofuels (including sustainably produced conventional ones), which could be 14%;

10. takes the view that renewable energy can be competitive, and notes that some renewable energy sources, such as onshore wind farms, are fully able to compete with fossil fuel energy sources and that wind energy prices will continue to fall if more wind energy capacity is installed and the technology is improved;

11. shares the view that innovations in the area of clean energy sources require a smoothly operating internal market and fair competition, enabling new market operators to implement innovative renewable energy projects; emphasises, however, that there must be a level playing field for the implementation of innovative projects compared to operators already on the market;

12. notes that when they are creating support schemes for renewable energy sources, the Member States should be aware of the specific characteristics of the different renewable energy technologies (e.g. price levels, risks, possibility of providing system services). This would mean greater cost-effectiveness, as well as achieving the long-term target of reducing CO_2 emissions;

13. is of the view that the European Commission should encourage Member States to take appropriate measures to support the development of renewable energy sources. Member States must be granted more flexibility in relation to the development of next-generation renewable energy technologies and to the protection of small-scale projects, including combined heat and power plants that are connected to local district heating and cooling networks;

14. points out that significant financial resources are required to develop renewable energy sources and to integrate the market, making it particularly important to prioritise this and to develop a common approach among EU, national, local and regional authorities in the interests of connecting the different financing sources and achieving a multiplier effect;

15. urges the European Commission – taking into account the Member States' existing support schemes and with a view to harmonising the rules and the mobilisation of investment in this industry – to clearly set out in the Renewable Energy Directive what approach should be followed for the support schemes;

16. notes that having clear and accurate information about the possibility of using EU financial instruments after 2020 is no less important when it comes to achieving ambitious objectives; also emphasises that advanced financing techniques must be used in order to ensure that the principal investments come from the private sector. In this regard, notes that 25% of the projects funded by the European Fund for Strategic Investments (EFSI) have been energy-related, greatly helping to boost the energy sector;

17. shares the view that support schemes for electricity generated from renewable sources have proved to be an effective way of fostering deployment of renewable electricity; emphasises, however, that according to the Guidelines on State Aid for Environmental Protection and Energy 2014-2020, applicable as of 1 July 2014, renewable energy production should be integrated into the internal electricity market in a gradual way, state aid should reflect falling production costs, and market distortions should be avoided; also points out that external costs associated with fossil fuels must be made more transparent;

18. agrees in principle with opening up support schemes for projects in other Member States, but recommends that the Member States look carefully at the options for market opening in order to avoid such an obligation reducing local production due to the greater financial capacity of the other EU Member States involved in the distribution of support; is therefore of the opinion that preference should be given to support schemes based on cross-border cooperation and that there should be a particular focus on interconnections;

Internal market in electricity and risk management

19. emphasises that an integrated energy market is the best tool to guarantee affordable energy prices and secure energy supplies, and to enable the generation of larger volumes of electricity produced from renewable sources to be integrated in a cost efficient manner; therefore welcomes the European Commission's proposals for an electricity market design that promotes the introduction of renewable energy, improves demand management, creates an integrated energy market at regional level and strengthens the position of consumers;

20. points out that in many Member States, electricity prices do not follow demand and supply but are regulated by the public authorities. This may hamper competition and hinder the mobilisation of investment and the entry into the market of new suppliers, and must always be duly justified with regard to specific policy aims such as protecting the most vulnerable consumers. The Committee of the Regions therefore supports the proposed market liberalisation and the reduction of state interference with the aim to reduce prices for consumers, but points out that the deregulation of energy prices should be carried out gradually by the Member States and with due respect to the special nature of energy as service of general interest;

21. shares the view that local energy communities can be an efficient way of managing energy at local level; calls on the Commission to create technical and financial tools to enable local and regional authorities to provide these communities with comprehensive support;

22. shares the view that the Member States must develop risk-preparedness plans in order to avoid crisis situations, and stresses the importance of regional cooperation for the more efficient administration of the energy sector; is also of the view that regional and local authorities must be consulted as part of the process of drawing up these plans;

23. stresses that the fight against energy poverty requires a common definition of the problem at EU level, the collection and exchange of the relevant data in cooperation between different levels of governance and a set of targeted policies and measures to help the most vulnerable energy consumers to participate in the market and to alleviate the burden of high energy prices;

Agency for the Cooperation of Energy Regulators (ACER)

24. welcomes the fact that the legal regime is being comprehensively reviewed, i.e. that not only individual aspects of the energy market are being taken into account but also their relations with each other, the interaction of those involved in pursuing these targets and the division of competences. The greater emphasis being placed on the ACER in devising and implementing the network codes is to be welcomed; stresses, however, that the European Commission must ensure that the ACER has the necessary competences to obtain information from the most important institutions in the Member States and to perform other coordination tasks;

25. points out that, in accordance with the principle of proportionality, regulatory measures of the ACER do not replace national decisions; also recommends strengthening national regulatory authorities. Member States must guarantee the independence and unimpeded functioning of their national regulatory authorities. In order for national regulatory authorities to function adequately the necessary resources must be made available and it must also be possible for them to be involved with full rights in cooperation at EU level;

Consumers and the importance of information and education

26. welcomes the European Commission's proposal to reform the energy market and thereby to give consumers greater influence so they become market participants on an equal footing; supports the Commission's proposal to promote the introduction of smart meters, on a voluntary basis and in compliance with data protection principles, so that consumers receive comprehensible bills and can change electricity supplier more easily;

27. notes that more research and closer cooperation with representatives of local authorities are needed in order to better understand consumers' motives for participating in the electricity market. A better understanding of the factors that lead to changes in consumer behaviour can provide important information on how consumers may be encouraged to act as strong and responsible players in the new electricity market;

28. notes that research has shown that consumers complain about a lack of transparency in electricity markets, reducing their ability to benefit from competition and actively participate in markets. Consumers do not feel sufficiently informed about alternative providers and choices; stresses, therefore, that the problems relating to privacy protection and the security of customer

data must be solved, and calls on the European Commission to present technical proposals on how high standards of security can be ensured;

29. stresses the importance of local and regional authorities in promoting the establishment of energy communities; notes that local authority representatives can provide support in the following areas: capacity building, support with accessing finance, training, sharing positive experiences, ensuring technical assistance and promoting partnerships;

30. highlights the importance of educational measures that encourage consumers to become active players in the energy sector. In this regard, an active role for the Committee of the Regions is important and needs to be supported as it could make a significant contribution to disseminating information, spreading ideas among local communities, and exchanging best practices;

The role of local and regional authorities

31. notes that local and regional authorities play an important role in the energy sector: through their actions, local and regional authorities can influence the development of energy infrastructure and the functioning of the market. They organise the provision of services; are responsible for spatial planning and land use policy, street lighting, the provision of transport services and the management of housing; make decisions on issuing permits; and educate and inform local people. Additionally, they control large budgets for public procurement of energy-consuming products and services. In many cases, local and regional authorities are also energy producers;

32. points out that local and regional authorities are not mentioned in the Commission's proposals as being important energy sector players, and calls on the Commission to treat local and regional authorities as equal partners at the central level when implementing further measures;

33. notes that local and regional authorities can contribute to promoting the use of renewable energy and improving energy efficiency at local and regional level, for instance by establishing ambitious targets and action plans, simplifying administrative procedures and rules or providing financial support, as well as through the education system. Highlights in this regard that more than 6600 local and regional authorities have signed the Covenant of Mayors and that more should be encouraged to voluntarily join this and other similar international initiatives;

34. considers that local and regional authorities should be consulted with regard to future specific measures due to the role they play in planning infrastructure, attracting investors and informing and consulting consumers;

35. offers its assistance to local and regional authorities in establishing contacts with relevant experts, in order to improve their capabilities and better coordinate common approaches;

Subsidiarity and proportionality

36. notes that some national parliaments have expressed concerns regarding the European Commission's proposals in terms of their adherence to the principle of subsidiarity. Local and

regional authorities bear great responsibility for ensuring EU rules are effective; is therefore of the view that a more thorough examination may be needed of whether the principles of subsidiarity and proportionality have been upheld.

Brussels, 13 July 2017

The President
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General
of the European Committee of the Regions

Jiří Buriánek

III. PROCEDURE

Title	Renewable energy and the internal market in electricity
Reference(s)	COM(2016) 767 final COM(2016) 861 final COM(2016) 864 final COM(2016) 863 final COM(2016) 862 final
Legal basis	Article 307(1) TFEU
Procedural basis	Mandatory referral under Article 194 TFEU
Date of Commission letter	1 December 2016
Date of President's decision	13 December 2016
Commission responsible	Commission for the Environment, Climate Change and Energy
Rapporteur	**Daiva Matonienė (LT/ECR)** Member of Šiauliai City Council
Analysis	13 March 2017
Discussed in commission	24 April 2017
Date adopted by commission	24 April 2017
Result of the vote in commission (majority, unanimity)	Majority
Date adopted in plenary	13 July 2017
Previous Committee opinions	COR-2016-01411-00-03-AC-TRA; COR-2015-05368-00-01-AC-TRA; COR-2015-01536-00-01-AC-TRA; COR-2014-02691-00-00-AC-TRA; COR-2013-05810-00-00-AC-TRA; CDR2182-2012_00_00_TRA_AC; CDR160-2008_FIN_AC
Date of subsidiarity monitoring consultation	1 March 2017